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December 6, 2006

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EX PARTE PRESENTATION

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: *Ex Parte Presentation* in CC Docket No. 96-45, WC Docket No. 05-337

Dear Ms. Dortch:

Pursuant to 47 C.F.R. § 0.459, Puerto Rico Telephone Co., Inc. ("PRT") hereby requests confidential treatment of certain proprietary commercial and financial information contained in the attached ex parte letter filed in the above-captioned dockets. The ex parte contains information regarding the specific location of individuals in Puerto Rico who have contacted the company for service, but who could not be served because it was too costly to do so. This confidential business information is normally withheld from public disclosure. Because this information is confidential business information which is competitively sensitive, PRT asks that the Commission withhold the information from public disclosure.

PRT is filing a redacted letter, which it does not object to releasing because it omits this confidential information. An unredacted copy of the letter together with this confidentiality request have been sent to the FCC staff. If the Commission is unable for any reason to keep this voluntarily provided proprietary information confidential, PRT respectfully requests that the Commission return the unredacted copy of the letter to it pursuant to Section .0459(e) of the Rules.

Pursuant to Section 1.1206 of the Commission rules, 47 C.F.R. § 1.1206, PRT will place a copy of this letter in the dockets of the above captioned proceedings. Please contact the undersigned counsel for PRT should you have any questions or require additional information.

Sincerely,


Nancy J. Victory

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Enclosure

cc: Jeremy Miller
 Vicki Robinson



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Re: *Ex Parte* Presentation in CC Docket No. 96-45, WC Docket No. 05-337

Dear Ms. Dortch:

This letter is submitted on behalf of Puerto Rico Telephone Co., Inc. ("PRT") in response to staff questions.

The Exact Number and Location of Unserved Customers in Puerto Rico Cannot Be Precisely Determined, but General Estimates Are Available.

PRT believes that its wireline penetration rate figures by municipality provided in its *ex parte* letter dated November 14, 2006 are accurate in general. It is not aware of any more specific information (in the possession of PRT or others) that identifies where all of these unserved customers are located in any greater detail. The figures in the November 14 *ex parte* show that, in the more rural communities in Puerto Rico, penetration rates are as low as 41.7 percent. In contrast, in urban areas, penetration rates can be as high as 82.8 percent.¹ Nevertheless, the overall penetration rate for the island is 63.8 percent as of June 30, 2005. Puerto Rico's rural and overall island penetration rates are far below the lowest penetration rate in the mainland United States.

For your information, PRT has attached a list of customers who have submitted orders for wireline service that have had to be cancelled in the last 18 months because their locations would be extraordinarily costly to serve (see Attachment 1). This list includes 1361 service orders from 425 separate locations spread across 66

¹ This penetration rate is based on the number of PRT wireline households located within a municipality, which roughly equates to a wire center, and the total number of households in the same municipality. There are no census survey questions asked of Puerto Rico residents that are equivalent to the Commerce Department's survey of telephone penetration published by the FCC on a quarterly basis.

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of Puerto Rico's 78 municipalities. The vast majority of these 66 municipalities are mostly rural. Based on the location and number of these orders, PRT estimates that there are approximately 200 unserved sectors identified by PRT in its November 4, 2004 *ex parte* letter filed in this docket. These sectors can be either "barrios," clusters, or isolated communities that are not served by "last mile" plant. The attached list does not represent all unserved sectors or communities, as the figures are based only upon our most recent record of customer inquiries. Because there has been no rigorous survey of unserved households, PRT cannot identify with precision the nature of any of these unserved sectors or the precise location of all unserved customers.

Several Factors Make the Rural Areas of Puerto Rico Particularly Expensive To Serve.

These unserved sectors or isolated communities are more expensive to serve than many areas of the United States because of unique societal factors that influence the location of homes in Puerto Rico. Many communities in rural areas in Puerto Rico have been formed when extended family members build houses on large family-owned properties. The houses are built relatively far from each other, rather than in the small clusters found in rural areas in the United States. These communities are not centrally planned, and decisions to construct roads, water, and electrical facilities are often pursued later after the houses are built. The availability of nearby telephone facilities is often not considered.

Further adding to the costs of serving rural locations is the island's physical characteristics. An extensive mountain system known as the "Cordillera Central" divides the north and south parts of the island for the entire east-west length of the island. Residences are scattered all along the steep sides of these mountains. Serving these residences is extremely expensive. There is no easy and cheap way to construct "last mile" facilities except to construct poles along the roadways. The mountainous nature of the terrain means that what limited roadways exist are quite winding and narrow, significantly lengthening the "last mile" facilities that must be built to each household. The dispersed nature of the houses does not permit building feeder plant to a cluster of houses and then constructing relatively short "last mile" facilities to the households. The isolated nature of many rural households is evident in aerial maps of Puerto Rico.

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Moreover, the existence of two large government protected rainforests – El Yunque Rainforest and the Toro Negro Forest Reserve – result in significant additional construction and maintenance costs to serve households in or adjacent to these areas. In such areas, PRT must take extreme care not to damage vegetation that grows along side these country roads due to permitting requirements, and dense foliage leads to frequent repair and maintenance problems..

In addition, Puerto Rico has two municipalities that are located on separate small islands. Vieques and Culebra, with approximately 10,000 and 3,000 in population, respectively, can be reached only by sea. Their physical separation from the main island imposes additional costs of service.

Clarification of Previously Submitted Data.

The staff has inquired about the dates of information in the information chart provided in PRT's *ex parte* letter dated November 14, 2006. PRT selected lines and cost data from June 30, 2005 in order to ensure that all of the data was from the same time period for comparison purposes. This was the most recent date on which cost per loop and population/household service information were available. Although loop cost data is available for June 30, 2006, population figures by municipality are not.

Pursuant to the staff's request, we have revised our previously submitted chart to include the wire center identification codes (commonly referred to as "CLLI" codes) by municipality (see Attachment 2).

Pursuant to Section 1.1206 of the Commission rules, 47 C.F.R. § 1.1206, PRT will place a copy of this letter in the dockets of the above captioned proceedings.

Should you have any further questions or require additional information, please contact the undersigned counsel for PRT. Please let me know if you have any questions.

Sincerely,


Nancy J. Victory

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Enclosure

cc: Jeremy Miller
Vicki Robinson

Attachment 1

ORDENES DE SERVICIO

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Attachment 2
Puerto Rico Telephone Company
Subscriber and Cost Information

Municipality/ Wire Center	CLLI Code	Additional CLLI Code	Study Area	Residential Lines as of 6-30-2005	Households as of 6-30-2005	Penetration as of 6-30-2005	Unseparated Loop Cost	Indexed Relative HCPM Cost
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Adjuntas	ADJUPRXA	n/a	PRSA	4,016	6,650	60.39%	\$ 33.50	157.13
Aguada	AGUDPRXA	n/a	PRSA	8,641	12,811	67.45%	\$ 33.50	109.59
Aguadilla	AGDLPRXA	AGDLPRXB	PRSA	14,370	22,885	62.79%	\$ 33.50	108.22
Aguas Buenas	ASBSPRXA	n/a	PRCC	5,282	7,440	70.99%	\$ 33.89	117.28
Aibonito	ABITPRXA	n/a	PRCC	6,188	8,367	73.96%	\$ 33.89	91.27
Anasco	ANSCPRXA	n/a	PRSA	5,890	10,058	58.56%	\$ 33.50	258.30
Arecibo	ARBOPRXA	ARBOPRXB	PRSA	23,136	39,888	58.00%	\$ 33.50	107.85
Arroyo	ARRYPRXA	n/a	PRSA	10,650	18,026	59.08%	\$ 33.50	124.28
Barceloneta	BCNTPRXA	n/a	PRSA	4,747	9,362	50.70%	\$ 33.50	118.33
Barranquitas	BRNQPRXA	n/a	PRSA	6,284	9,601	65.45%	\$ 33.50	131.08
Bayamon	BYMNPRXA	BYMNPRXB	PRSA	69,331	93,415	74.22%	\$ 33.50	89.04
Cabo Rojo	CBRJPRXA	n/a	PRSA	12,590	19,664	64.03%	\$ 33.50	114.52
Caguas	CGUSPRXB	n/a	PRCC	35,961	60,631	59.31%	\$ 33.89	84.27
Camuy	CMUYPRXA	n/a	PRSA	15,177	22,790	66.59%	\$ 33.50	125.85
Carolina	CRLNPRXA	n/a	PRSA	51,417	70,511	72.92%	\$ 33.50	92.10
Catano	CTANPRXA	n/a	PRSA	5,132	9,325	55.03%	\$ 33.50	82.43
Cayey	CAYYPRXA	n/a	PRCC	12,571	18,857	66.66%	\$ 33.89	96.68
Ceiba	CIBAPRXA	CIBAPRXB	PRSA	2,904	6,965	41.69%	\$ 33.50	126.73
Ciales	CILSPRXA	n/a	PRSA	3,627	6,710	54.05%	\$ 33.50	151.46
Cidra	CDRAPRXA	n/a	PRCC	7,234	10,503	68.88%	\$ 33.89	116.89
Coamo	COMOPRXA	n/a	PRSA	7,823	12,878	60.75%	\$ 33.50	122.87
Comerio	CMROPRXA	n/a	PRSA	4,171	7,759	53.76%	\$ 33.50	136.30
Corozal	CRZLPRXA	n/a	PRSA	7,563	10,820	69.90%	\$ 33.50	121.13
Culebra	CULBPRXA	n/a	PRCC	628	970	64.74%	\$ 33.89	120.84
Dorado	DRDOPRXA	n/a	PRSA	6,762	11,001	61.47%	\$ 33.50	100.63
Fajardo	FJRDPRXA	n/a	PRSA	7,980	16,327	48.88%	\$ 33.50	92.81
Florida	FLRDPRXA	n/a	PRSA	2,071	3,990	51.90%	\$ 33.50	110.20
Guanica	GUNCPRXA	n/a	PRSA	4,128	8,400	49.14%	\$ 33.50	110.23
Guayama	GUYMPRXA	n/a	PRSA	9,294	15,234	61.01%	\$ 33.50	99.69

Guayanilla	GUYLPRXA	n/a	PRSA	4,604	7,745	59.44%	\$ 33.50	119.05
Guaynabo	GUYNPRXA	n/a	PRCC	33,629	40,607	82.82%	\$ 33.89	79.88
Gurabo	GURBPRXA	n/a	PRCC	5,723	10,298	55.57%	\$ 33.89	99.69
Hormigueros	HRGUPRXA	n/a	PRSA	3,311	5,159	64.18%	\$ 33.50	92.14
Humacao	HUMCPRXA	n/a	PRSA	13,253	22,695	58.40%	\$ 33.50	103.98
Isabela	ISBLPRXA	n/a	PRSA	10,448	17,357	60.19%	\$ 33.50	115.41
Jayuya	JYUYPRXA	n/a	PRSA	3,397	5,050	67.27%	\$ 33.50	158.94
Juana Diaz	JNDZPRXA	n/a	PRSA	9,404	17,024	55.24%	\$ 33.50	119.79
Juncos	JUNCPRXA	n/a	PRCC	6,648	11,727	56.69%	\$ 33.89	99.10
Lajas	n/a	n/a	PRSA	6,067	10,085	60.16%	\$ 33.50	119.92
Lares	LRESPRXA	n/a	PRSA	6,244	9,692	64.42%	\$ 33.50	152.04
Las Marias	LSMSPRXA	n/a	PRSA	1,973	3,540	55.73%	\$ 33.50	207.08
Las Piedras	LSPDPRXA	n/a	PRCC	7,390	11,792	62.67%	\$ 33.89	107.00
Loiza	CNVNPRXA	n/a	PRSA	12,833	23,118	55.51%	\$ 33.50	101.23
Luquillo	LUQUPRXA	n/a	PRSA	4,236	8,691	48.74%	\$ 33.50	109.37
Manati	MNATPRXA	n/a	PRSA	9,294	16,171	57.47%	\$ 33.50	104.44
Maricao	MRCOPRXA	n/a	PRSA	1,183	1,960	60.36%	\$ 33.50	234.73
Maunabo	MUNBPRXA	n/a	PRSA	2,746	4,870	56.39%	\$ 33.50	145.69
Mayaguez	MYGZPRXX	n/a	PRSA	23,373	40,841	57.23%	\$ 33.50	94.06
Moca	MOCAPRXA	n/a	PRSA	7,793	10,910	71.43%	\$ 33.50	125.21
Morovis	MRVSPRXA	n/a	PRSA	5,583	8,998	62.05%	\$ 33.50	141.78
Naguabo	NGUBPRXA	n/a	PRSA	5,147	10,532	48.87%	\$ 33.50	110.44
Naranjito	NRJTPRXA	n/a	PRSA	6,275	9,020	69.57%	\$ 33.50	116.60
Orocovis	ORCVPRXA	n/a	PRSA	5,011	7,050	71.08%	\$ 33.50	173.14
Penuelas	PNULPRXA	n/a	PRSA	4,606	7,883	58.43%	\$ 33.50	114.35
Ponce	PONCPRXX	n/a	PRSA	40,513	66,585	60.84%	\$ 33.50	87.81
Quebradillas	QUBRPRXA	n/a	PRSA	5,529	8,011	69.02%	\$ 33.50	112.15
Rincon	RNCNPRXA	n/a	PRSA	3,863	5,972	64.69%	\$ 33.50	122.34
Rio Grande	RIGRPRXA	n/a	PRSA	10,840	19,942	54.36%	\$ 33.50	103.15
Sabana Grande	SBGRPRXA	n/a	PRSA	5,765	9,701	59.43%	\$ 33.50	103.85
Salinas	SLNSPRXA	n/a	PRSA	4,936	9,172	53.82%	\$ 33.50	112.82
San German	SNGRPRXA	SNGRPRXB	PRSA	8,002	13,345	59.96%	\$ 33.50	119.92
San Juan	SNJNPRXA	SNJNPRXB	PRSA	121,646	182,178	66.77%	\$ 33.50	88.18
San Lorenzo	SNLZPRXA	n/a	PRCC	8,672	13,038	66.51%	\$ 33.89	112.25
San Sebastian	SNSBPRXA	n/a	PRSA	9,658	14,654	65.91%	\$ 33.50	134.84
Santa Isabel	SNIBPRXA	n/a	PRSA	4,504	8,190	54.99%	\$ 33.50	99.21
Toa Alta	TOALPRXA	n/a	PRSA	5,354	8,805	60.81%	\$ 33.50	101.08

Toa Baja	n/a	n/a	PRSA	2,914	5,409	53.87%	\$ 33.50	89.04
Trujillo Alto	TRALPRXA	TRALPRXB	PRSA	35,895	47,131	76.16%	\$ 33.50	97.43
Utuaado	UTUDPRXA	n/a	PRSA	7,225	11,995	60.23%	\$ 33.50	137.21
Vega Alta	VGATPRXA	n/a	PRSA	8,063	15,024	53.67%	\$ 33.50	101.24
Vega Baja	VGBJPRXA	n/a	PRSA	13,261	22,980	57.71%	\$ 33.50	98.66
Vieques	VQUSPRXA	n/a	PRCC	3,029	4,214	71.88%	\$ 33.89	124.01
Villalba	VLLBPRXA	n/a	PRSA	5,227	7,530	69.42%	\$ 33.50	113.67
Yabucoa	YBUCPRXA	n/a	PRSA	7,800	12,510	62.35%	\$ 33.50	124.51
Yauco	YUCOPRXA	n/a	PRSA	9,710	16,084	60.37%	\$ 33.50	113.80
Total PR				878,145	1,377,123	63.77%		100.00

Key:

- (a) Puerto Rico Municipalities
- (b) CLLI Code (from HCPM)
- (c) If applicable, additional CLLI Code (from HCPM)
- (d) Puerto Rico Study Areas
- (e) Residential Lines Data from 2005 PRT Penetration Study provided by Rita Gonzalez
- (f) Households Data from 2005 PRT Penetration Study provided by Rita Gonzalez
- (g) (e) / (f)
- (h) 2004 Unseparated Loop Cost data from NECA USF Report, Appendix E, Page 36 / 12
<http://www.fcc.gov/wcb/iatd/neca.html>
- (i) Data from FCC Default HCPM Scenarios circa 1999. Reported Cost / Avg PRT X 100

WireCenter to Municipality Translation

- 1 Added Santana to Arecibo
- 2 Added Aguirre to Arroyo Municipio
- 3 Patillas included with Arroyo
- 4 Added Bayamon Sur to Bayamon Municipio
- 5 Canovanas included with Loiza
- 6 Hatillo included with Camuy
- 7 San Juan includes Isla Verde, Levittown, Pueblo Viejo, Rio Piedras, Santurce Este, and Santurce Oeste
- 8 Used San German for Lajas
- 9 Used Bayamon for Toa Baja